

Message Text

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ACTION EB-07

INFO OCT-01 NEA-10 ISO-00 AID-05 CIAE-00 COME-00 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 FEA-01 INT-05 PA-01

PRS-01 /061 W

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R 230825Z JAN 76

FM AMEMBASSY ALGIERS

TO SECSTATE WASHDC 3693

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DEPARTMENT PASS EXIM BANK

E.O. 11652: N/A

TAGS: ENRG, AG

SUBJ: ARZEW LNG PLANT

REF: ALGIERS 0136

1. AS NOTED REFTTEL, INTERNATIONAL BECHTEL CORPORATION ON JAN. 21 WON CONTRACT TO COMPLETE ARZEW LNG PLANT BEGUN BY CHEMICO. ACCORDING JOSEPH WILSON, SONATRACH CONSULTANT, BECHTEL'S CONTRACT IS COST-PLUS TYPE USING REIMBURSABLE SCHEDULE. CONTRACT PROVIDES MINIMUM MANAGEMENT FEE FOR BECHTEL PLUS ADDITIONAL FEES DEPENDING ON FINAL TOTAL COST OF PLANT. BECHTEL REQUIRED BY CONTRACT TO GIVE BOTH PERFORMANCE AND TIME GUARANTEES. ASKED WHAT DEADLINE FOR COMPLETION OF PLANT HAD BEEN SET, WILSON SAID THIS NOT YET FIXED. AFTER BRIEF PERIOD ON JOB, BECHTEL WOULD SIT DOWN WITH SONATRACH AGAIN AND AGREE TO DEFINITE COMPLETION DATE.

2. WILSON ADDED THAT IN ADDITION TO FAMILIARITY WITH PROJECT, BECHTEL CHOSEN BECAUSE OF AVAILABILITY OF
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PERSONNEL. BECHTEL PEOPLE WILL BEGIN MOVING ONTO SITE SOON
AND WILSON ESTIMATED COMPANY WOULD HAVE 100 PEOPLE

ON SITE WITHIN THREE MONTHS. SONATRACH HAD, IN FACT, OFFERED BECHTEL ATTRACTIVE FINANCIAL INCENTIVES TO BEGIN WORK IN SHORT TIME. WILSON ADDED THAT SONATRACH STILL LOOKS FOR INITIAL PRODUCTION FROM PLANT IN "EARLY 1977."

3. RE ADDITIONAL FINANCING, WILSON NOTED SONATRACH HAD REQUESTED HIM TO MAKE RAPID ASSESSMENT OF FUNDS WHICH LIKELY TO BE REQUIRED UNDER BECHTEL CONTRACT TO COMPLETE PLANT. WILSON NOTED THAT THERE REMAINED SOME UNSPENT FUNDS UNDER PREVIOUS EXIM LOAN. IN ADDITION, CHEMICO HAD "VOLUNTARILY" AGREED TO REFUND SOME OF FUNDS PREVIOUSLY PAID TO IT. WILSON ADDED THAT HE EXPECTED TO MEET EXIMBANK OFFICIALS IN ABOUT TWO WEEKS WITH SPECIFIC ASSESSMENT OF ADDITIONAL FINANCING REQUIREMENTS.

4. NO PUBLIC ANNOUNCEMENT OF BECHTEL CONTRACT HAS YET BEEN MADE BY ALGERIANS. PARKER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CONSTRUCTION, NATURAL GAS, INDUSTRIAL PLANTS
Control Number: n/a
Copy: SINGLE
Draft Date: 23 JAN 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976ALGIER00151
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760027-0206
From: ALGIERS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760130/aaaaazni.tel
Line Count: 79
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 ALGIERS 136
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 03 JUN 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <03 JUN 2004 by buchant0>; APPROVED <03 JUN 2004 by morefirh>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ARZEW LNG PLANT
TAGS: ENRG, AG, BECHTEL INTERNATIONAL
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006